

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

REMOVAL OF RETURN RECEIPT FOR
MERCHANDISE SERVICE FROM THE MAIL
CLASSIFICATION SCHEDULE

Docket No. MC2015-8

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**
(December 10, 2014)

The Postal Service hereby files its response to Chairman's Information Request No. 1, issued on December 3, 2014. The questions are stated verbatim and are followed by the Postal Service's responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1. The Postal Service indicates that there are two alternative services that customers may utilize after RRM is no longer available: (1) Signature Confirmation; and (2) a combination of Certified Mail and Return Receipt. Id. Attachment B at 3.
 - a. Please confirm that the provision of a postcard showing the recipient's signature (Form 3211) is a basic characteristic of RRM. If not confirmed, please explain.
 - b. Please confirm that the provision of a mailing receipt (Form 3804) is a basic characteristic of RRM. If not confirmed, please explain.
 - c. Please describe the basic characteristics of Signature Confirmation and explain how these basic characteristics are similar to or different from RRM.
 - d. Please describe the basic characteristics of the combination of Certified Mail and Return Receipt and explain how these basic characteristics are similar to or different from RRM.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Signature Confirmation provides the mailer with information about the date and time the article was delivered, or the date and time of the delivery attempt. A delivery record (including the recipient's signature) is maintained by the USPS and is sent to the mailer electronically, when requested on USPS.com. An example of how the recipient's signature is presented to the mailer is provided in Attachment A.

Both Return Receipt for Merchandise ("RRM") and Signature Confirmation provide mailers with the recipient's signature (an original signature for RRM, and a copy for Signature Confirmation). While Signature Confirmation service does not provide a mailer with a physical mailing receipt, this service does provide evidence that an item was entered into the mailstream thru acceptance and tracking scans

that are available via USPS.com or text message.¹ In short, the only significant difference between RRM and Signature Confirmation is that one provides evidence of mailing and the recipient's signature using hardcopy materials, while the other provides the same features electronically.

- d. Certified Mail provides the sender with a mailing receipt and, upon request, electronic verification that an article was delivered or that a delivery attempt was made. The Postal Service maintains a record of delivery (which includes the recipient's signature). Customers may obtain a delivery record by purchasing a return receipt postcard (Form 3811) or an electronic return receipt (at the time of mailing, or after mailing). A delivery record is sent to electronic return receive customers, when requested on USPS.com. Examples of the signature information provided by the return receipt postcard (Form 3811) and electronic return receipt are provided in Attachment B.

Like RRM service, Certified Mail with Return Receipt provides mailers a physical mailing receipt, and a postcard (Form 3811) that contains the recipient's signature. Unlike RRM service, Certified Mail customers also receive the ability to track their shipment's progress via USPS.com or text message. The Postal Service would also note that customers purchasing electronic return receipt, instead of the return receipt postcard (Form 3811), receive the same information as those customers purchasing Signature Confirmation service.

¹ As the Postal Service has previously noted, RRM customers cannot track their shipment's progress online or via text message. See Docket No. MC2015-8, Request of the United States Postal Service to Remove Return Receipt for Merchandise Service from the Mail Classification Schedule, Attachment B, at 2-3 (November 17, 2014).

2. 39 C.F.R. § 3010.23(d) provides directions for adjustments to billing determinants, for classification changes including the deletion of a rate cell.
 - a. Please confirm that with the deletion of the RRM rate, an alternative rate cell(s) is available for making adjustments to billing determinants (e.g., Signature Confirmation and/or a combination of Certified Mail and Return Receipt). If confirmed, please make the adjustments and provide the calculations and explanation required by 39 C.F.R. §§ 3010.23(d)(2) and 3010.23(d)(3).
 - b. If an alternate rate cell(s) is not available, please explain and provide the information required by 39 C.F.R. § 3010.23(d)(4).
 - c. Given the responses to the above, please provide the information required by 39 C.F.R. § 3010.12(b)(1) through (4).
 - d. If (based on the percentage change in rates provided in response to part c.) the request to remove RRM from the MCS qualifies as a de minimis rate change, please provide the information required by 39 C.F.R. § 3010.30.

RESPONSE:

- a. Confirmed. The Postal Service's adjustments are reflected in the Excel workbook *CAPCALC-SpecServ 12-10-14 RRM.x/sx*, filed with this response.² Though the Postal Service continues to believe that many customers would have used the lower priced Signature Confirmation service, due to the difficulty of determining mailer behavior, and in the interest of expediting these proceedings, the Postal Service has assumed that all RRM customers would have purchased Certified Mail with Return Receipt (Form 3811). The Postal Service believes that this approach conservatively assumes that mailers would have chosen to purchase the special service that most closely mirrors the hardcopy service provided by RRM.

² The Excel workbook is also accompanied by an explanatory preface that more thoroughly explains its contents.

- b. Not Applicable
- c. In compliance with Rules 3010.14(b)(1) through (4), the following sections discuss and describe the applicable CPI-U price cap, the amount of unused price adjustment authority available for Special Services, the percentage change in prices for Special Services, and the amount of any new unused price adjustment authority generated by this price change.

Inflation-Based Price Adjustment Authority

Based on data most recently available from the Bureau of Labor Statistics at the time the request in this docket was filed (November 17, 2015), the Postal Service has inflation-based price adjustment authority of 1.718 percent for Special Services. See Attachment C. This is based on the Consumer Price Index – All Urban Consumers, U.S. All Items (the “CUUR0000SA0” series).

Unused Price Adjustment Authority

The existing unused rate authority for Special Services is 0.00 percent.³

Percentage Change by Mail Class

As demonstrated in *CAPCALC-SpecServ 12-10-14 RMM.x/sx*, the adjustments to the billing determinants result in a percentage increase in rates of 0.10 percent for Special Services.

³ Docket No. R2013-10, Order No. 1926 - Order Granting Exigent Price Increase, at 191 (December 24, 2013).

Unused Pricing Authority Resulting From this Change

The Postal Service calculates the unused price adjustment authority for Special Services as 1.708 percent (1.718 authority minus 0.010 used).

- d. As demonstrated in *CAPCALC-SpecServ 12-10-14 RMM.xlsx*, the percentage change in rates for Special Services exceeds the de minimis threshold of 0.001 percent.⁴

⁴ The Postal Service notes that even an adjustment as small as the one proposed in this docket (\$236,000) does not qualify for treatment under the newly adopted rules for de minimis price increases. In this regard, the Postal Service explained during Docket No. RM2014-3 that the de minimis threshold of 0.001 percent would “provide a negligible amount of [added] flexibility” over the then existing price cap rules. See Docket No. RM2014-3, Initial Comments of the United States Postal Service, at 8-9 (March 17, 2014). Based on the proceedings in this docket, it appears that the Postal Service’s fears have been realized. Having to (1) file a complete price change for removing a product subcategory that involves a small revenue impact, and (2) bank a substantial amount of unused pricing authority, is unduly limiting and does little to address the concerns raised in Docket No. RM2014-3.



Signature Confirmation

Date: April 21, 2014

kayla dobbs:

The following is in response to your April 21, 2014 request for delivery information on your Signature Confirmation™ item number 92021901066154000031304599. The delivery record shows that this item was delivered on April 17, 2014 at 3:59 pm in VAN WERT, OH 45891 to R AGLER. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature	
Address	

Address of Recipient :

Address	
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Thank you for selecting the Postal Service for your mailing needs.


If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service


Return Receipt Postcard (Form 3811)

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature X	
1. Article Addressed to:		B. Received by (Printed Name) C. Date of Delivery	
2. Article Number (Transfer from service label)		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
PS Form 3811, February 2004		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
Domestic Return Receipt		10295-02-00-1040	

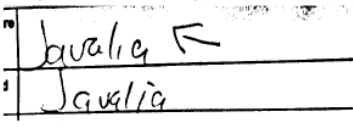
Electronic Return Receipt

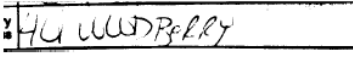
 **UNITED STATES POSTAL SERVICE**

Date: April 21, 2014



The following is in response to your April 21, 2014 request for delivery information on your Certified Mail™/RRE item number 9214896900379864135499. The delivery record shows that this item was delivered on April 18, 2014 at 12:03 pm in APOLLO, PA 15613. The scanned image of the recipient information is provided below.

Signature of Recipient : 

Address of Recipient : 

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Calculation of amount of applicable change in CPI-U and Price Cap

	CPI ^[1]	Last 12 Months Point-to-Point ^[2]	12-Month Total ^[3]	12-Month Total Divided by 12 ^[4]	12-Month Moving Average ^[5]	Rule 3010.26.c Adjustment ^[6]
Jan-12	226.665	2.9%	2705.7	225.476	3.263%	
Feb-12	227.663	2.9%	2712.1	226.006	3.326%	
Mar-12	229.392	2.7%	2718.0	226.499	3.322%	
Apr-12	230.085	2.3%	2723.2	226.931	3.248%	
May-12	229.815	1.7%	2727.0	227.252	3.090%	
Jun-12	229.478	1.7%	2730.8	227.565	2.930%	
Jul-12	229.104	1.4%	2734.0	227.830	2.743%	
Aug-12	230.379	1.7%	2737.8	228.149	2.570%	
Sep-12	231.407	2.0%	2742.3	228.526	2.415%	
Oct-12	231.317	2.2%	2747.2	228.934	2.303%	
Nov-12	230.221	1.8%	2751.2	229.267	2.170%	
Dec-12	229.601	1.7%	2755.1	229.594	2.069%	
Jan-13	230.280	1.6%	2758.7	229.895	1.960%	
Feb-13	232.166	2.0%	2763.2	230.270	1.887%	
Mar-13	232.773	1.5%	2766.6	230.552	1.789%	
Apr-13	232.531	1.1%	2769.1	230.756	1.686%	
May-13	232.945	1.4%	2772.2	231.017	1.657%	
Jun-13	233.504	1.8%	2776.2	231.352	1.664%	
Jul-13	233.596	2.0%	2780.7	231.727	1.710%	
Aug-13	233.877	1.5%	2784.2	232.018	1.696%	
Sep-13	234.149	1.2%	2787.0	232.247	1.628%	
Oct-13	233.546	1.0%	2789.2	232.432	1.528%	
Nov-13	233.069	1.2%	2792.0	232.670	1.484%	
Dec-13	233.049	1.5%	2795.5	232.957	1.465%	
Jan-14	233.916	1.6%	2799.1	233.260	1.464%	
Feb-14	234.781	1.1%	2801.7	233.478	1.393%	
Mar-14	236.293	1.5%	2805.3	233.771	1.396%	
Apr-14	237.072	2.0%	2809.8	234.150	1.471%	
May-14	237.900	2.1%	2814.8	234.563	1.535%	
Jun-14	238.343	2.1%	2819.6	234.966	1.562%	
Jul-14	238.250	2.0%	2824.2	235.354	1.565%	
Aug-14	237.852	1.7%	2828.2	235.685	1.580%	
Sep-14	238.031	1.7%	2832.1	236.009	1.620%	1.718%

[1] Consumer Price Index -- All Urban Consumers, U.S. All Items (the "CUUR0000SA0" series)

[2] The current month CPI [Column 1] divided by CPI for same month, previous year

[3] Sum of the most recent 12 months CPI measurements in Column [1]

[4] Column [3] / 12

[5] (The current month value in Column [4] / value from same month, previous year) - 1

[6] Rule 3010.21.b requires an adjustment made to the 12 month moving average whenever more than 12 months have passed since the most recent price change. The adjustment calculates the unused rate authority by dividing the Base Average (the 12 most recent values in Column 2) applicable to the notice of rate adjustment by the Recent Average (Column 4) utilized in the previous rate adjustment and subtracting one from the quotient and then adding this to the 12-month average at the time of the instant transmittal. In this particular instance, the applicable Base Average is 232.2467, and the Recent Average utilized in the previous rate case is 228.1494. This results in a quotient of 0.0984 when subtracted by 1. Adding 0.0984 to the 12-month moving average of 1.620 results in a price cap of 1.718% for the instant case.